

## INFORMATION STATEMENT 2017.5.9

Relating to an Offering  
Of Membership Interests In

# Collaborate CoOp

**Effective:** May 9, 2017 (Once posted to the Platforms – All previous versions are void.)

**Collaborate CoOp ("the Cooperative"), a Cooperative Association organized under Chapter 308B of the Minnesota statutes, is formed to unite the producer and consumer interests in the products and services that enable consumers to save time, talent and treasure, and to otherwise further their common interests of all Members. As a Chapter 308B Cooperative Association, the Cooperative will initially have two Member Classes called the 1) Basic Member – a Patron non-Share Member Class and 2) Share Member – a Patron Share Member Class, The Cooperative may, without necessarily a vote of the Share Member Class create one or more additional classes of Membership; however, if future share classes have voting rights; they shall not be superior to the Share Member Class. The Cooperative operates on a Cooperative Association basis. It is owned and controlled by its Share Members and its net earnings are returned to the Share Members each year or sooner if directed by the Board of Directors, in the form of Patronage Refunds paid in accordance with the Bylaws of the Cooperative. The Share Member Class shall be the “voting” Members of the Cooperative.**

**The Membership Interests (of the Patron Share Class) WILL NOT appreciate and ARE NOT deemed an Investment Share Class. No dividends will be paid on the interests and the interests are non-transferable. Patronage Refunds will only be allocated to qualified Share Members who patronize the Cooperative and only to the extent that the Cooperative is profitable. Members SHALL NOT own more than ONE SHARE and cast more than ONE VOTE. The voting Class is called Share Member (see Class 2 above). Moreover, the Board of Directors (the “Board”), in its discretion, may choose to retain Patronage Refunds if the Board, which is comprised of Share Members, determines that the Cooperative requires additional capital. The Board may also assign this duty to the Manager.**

**The only way a Member will obtain an economic benefit from being a Member of the Cooperative is by patronizing the Cooperative. Patronizing is using or engaging the various platforms and Apps owned by CollaborateUSA, LLC or from affiliates/vendors of those platforms (commonly known as Nation Apps) on a regular basis or the purchase of products and services offered to Members of the Cooperative. Patronizing is also defined as assisting in a Membership Drive by referring others to join the Cooperative. If a Member fails to patronize the Cooperative for a prolonged period the Member may lose its right to vote, if a voting Member (Share Member), and may cease to be a Member in the Cooperative in good standing or qualify for Patronage Refunds. Please read the remainder of this Information**

**Statement for a more complete description of the Cooperative, its plan of operations, insight into the governing documents of the Cooperative, and other disclosure regarding purchasing a Membership in the Cooperative.**

**This is an information document and not an agreement or brochure about Membership.**

The Cooperative does not expect to generate surplus cash flow that will enable the Cooperative to redeem stock or allocated equities to anyone, including Members of the Cooperative. Surplus cash that is generated, if any, will be directed first to enabling the Cooperative to continue and expand its operations and next to Patronage Refunds. **The Cooperative is unlikely to redeem stock or allocated equities unless and until it dissolves, which is theoretically never because the Cooperative is organized to exist perpetually.**

**This Information Statement is being provided to assist you in evaluating the business decision to become a Member of the Cooperative only.** The text of the Information Statement is intended only to provide certain facts and highlights regarding the Cooperative and its Bylaws. It is not intended to be a complete statement of all material facts and features of the organization and is qualified in its entirety by more detailed information contained in the Articles of Organization (the “Articles”) and Bylaws which may be viewed in person at the office of the Cooperative. See **“II. CONSIDERATIONS FOR PROSPECTIVE MEMBERS”** to read about factors you should consider before becoming a Member of the Cooperative.

**THE MEMBERSHIP INTERESTS IN THE COOPERATIVE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITY REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

No person has been authorized by the Cooperative to give any information or to make any representations concerning the Cooperative other than as contained in this Information Statement or the other written materials delivered with this Information Statement and, if given or made, must not be relied upon as having been authorized by the Cooperative.

The Cooperative has agreed to make available to representatives of each prospective Member the opportunity to ask questions of, and receive answers from the management of the Cooperative concerning the organization and to obtain, to the extent the Cooperative possesses such or can acquire it without unreasonable effort or expense, any additional information which is necessary to verify the accuracy of the information set forth in this Information Statement.

**Questions, inquiries, and contact requests for information may be directed on the platforms “Contact Us” via the Website(s).**

**Each prospective Member must rely on its own evaluation of the Cooperative, including the merits and risks involved, in deciding to join this organization as a Cooperative Member.**

**EACH PROSPECTIVE MEMBER SHOULD CONSULT HIS OR HER OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, AND OTHER MATTERS CONCERNING THE COOPERATIVE. WE DO NOT PROVIDE LEGAL OR TAX ADVICE TO MEMBERS UNDER ANY CIRCUMSTANCE.**

## **I. THE BUSINESS**

**The Cooperative is a Cooperative Association business owned and controlled by its Share Members.** All Members are considered Consumer/Producer Members. Producers meaning, they are engaged directly or indirectly in the promotion, purchase, and production of products and services of the Cooperative. **The Cooperative has entered a long-term perennal Management Agreement with CollaborateUSA, LLC, to manage the day-to-day affairs of the Cooperative and ensure quality control of the products and services offered to all Member Classes.** The “Platforms” ([FreelancerNation.com](http://FreelancerNation.com) and [CollaborateNation.com](http://CollaborateNation.com)); the ShOut Nation App (a mobile App); 7RingsOfWisdom.com (an LMS); other websites, platforms as might be developed; the Nation Apps (vendors and advertisers); and derivatives thereof are owned by CollaborateUSA, LLC or its affiliates/vendors and not the Cooperative. Members of the Cooperative Buy and Sell products and services offered, the Cooperative does not produce products or services per se.

**Earning of Compensation in Currency or Crypto-Currency** (earned by Share Members or as approved by the CoOp Board of Directors) shall be based on patronage of the Cooperative through the Platforms, Websites, Apps, and Nation Apps. No compensation is paid on the Share Fee or Dues, if any. Compensation is paid only on usage of the Platforms (websites), Apps, Nation Apps, the purchase of products, and services transacted on the Platforms or through affiliates/vendors or others as may be specified from time to time which is directed by the Manager and revenue earned is shared with the Cooperative. **This compensation is called a Patronage Refund.**

**Patronage Refunds** shall be calculated pro-rata based on the total usage and transactions on the Platforms, Apps, or Nation Apps or as determined by the Board of Directors, or the delegated Manager, for each product or service and will determine the Patronage Refund for the period. **The Cooperative earns income from:** 1) Share Membership one-time Share Fees and Dues which are not subject to Patronage Refunds, 2) a portion of marketing allowances or advertising fees from third-party vendors, affiliates, or the Manager, and 3) a portion of the shared profits on certain products and services developed for or by the Cooperative, or from third-party affiliates, or joint ventures, or vendors, or the Manager and then resold through one or more Member Classes or distribution channels as determined by the Manager under the Management Agreement. **The Manager, can change these profit allocations at any time, without written notice, to ensure profitability or stability to the business proposition.** At this time, the Board has decided to make distributions of Patronage Refund as earned in the form of Crypto-Currency via an e-Wallet or US Dollars (USD) via a contracted payment service, but reserves the right to change the schedule to meet the needs of the Cooperative Association.

**The prospective Patron Members of the Cooperative are the Share Members, the Basic Member Class are not Share Members, but are Members who want the benefits of the using the Platforms, Apps, and the Nation Apps.** The Cooperative may in the future offer additional classes of Membership to become Share Members, which may be Non-Patron Members. Patron Members are initially located in the states and territories of the United States but may be from any global jurisdiction acceptable to the Cooperative. By collaborating their efforts and purchasing power, the prospective Patron and Non-Patron Members of the Cooperative aim to gain better access to products and services as well as better purchasing power in the marketplace.

### **Cooperative Association Objectives for All Member Classes**

By collaborating together (CommUnity), the Cooperative provides the Members with products, services, rebates, discounts, or revenue share that may not be available were they to act alone. Many products or services may be found from other distribution methods or joint ventures; we make no claim as to exclusivity of any product or service as an inducement to become a Member.

**Principles of operation include: 1) Share Member voting control, 2) return of surplus to Members (also called a Patronage Refund), 3) cooperation, 4) constant education and 5) other activities to enhance Member life and business.** Fundamentally, the function of the Cooperative is to increase a Member's net income and improve the ability of all Members to collaborate as an effective member of society. We accomplish these objectives by offering quality products and services and commercially reasonable and competitive prices. We can make no guarantee or warranty that products or services purchased are at the lowest price.

**The primary activities of the Cooperative include:**

- Promote Cooperation using the Rochdale Principles**
- Promote Individual Rights, Voice, and Vote**
- Promote the Collaborative Movement**
- Promote the Freelancer Movement (Independent Business Owners)**
- Promote Entrepreneurship**
- Promote Unity (Community Development)**
- Promote the Share or Gig Economy**
- Promote Nation Apps - Co-Promotion with Third-Party Vendors and Affiliates**
- Distribution of Products and Services**
- Education for Individuals and Businesses**
- Savings (Reduce Costs Through Group Purchasing Power)**
- Membership Drive Campaigns and Membership Services**

## **II. CONSIDERATIONS FOR PROSPECTIVE MEMBERS**

**The reason for joining this Cooperative is that as a Member, you find value in the products and services we offer.** There is no inducement, compensation, or reward for encouraging others

to become Members of this Cooperative only when the purchase of products and services authorized by this Cooperative is made and compensation or Patronage Refunds are paid.

You do not have to be a Share Member of the Cooperative to access products and services; you may join for FREE as a Basic Member. Members, who wish to earn Patronage Refunds, must be Share Members and pay the one-time Share Fee of \$240.

**The purchaser of a Membership Interest in the Share Member Class SHOULD NOT expect an investment return on the purchase of this Interest.** The Membership Interest is non-dividend bearing, non-transferable, and upon withdrawal or termination from the Cooperative, the **share will have no value**, if determined that there is a value, the timing of payment, if any, will be fully at the discretion of the Cooperative's Board of Directors.

**Only those who can afford the loss of their entire capital contribution (Membership Interest - \$240.00) should become Share Members of the Cooperative.** A prospective Member should consider the following risks and should review carefully this entire Information Statement prior to deciding to become a Member. This list of risk factors is not intended to be complete, but is provided for the recipient's reference.

**The Board, at its sole discretion, may or may not declare a Patronage Refund from the net profits of the Cooperative,** which is not be guaranteed. You should purchase your Membership on the value of the products and services offered and NOT based on receiving a Patronage Refund.

**Changes in Dues and Fees.** The Cooperative, at the sole discretion of the Board of Directors, may impose other fees, decrease or increase fees and/or dues on Members.

**Dependence on Third Party Vendors.** To continue operations, the Cooperative must maintain relationships with suppliers (vendors and/or affiliates), which may be other Share Members, and distribution channels. It is possible that these suppliers will discontinue participation in its programs or that the suppliers will otherwise respond unfavorably to the Cooperative in ways that will make the Cooperative unable to compete in the marketplace. Distribution channels may cease to be effective and thus limit demand on production creating an inventory risk. **Your patronage (personal purchase of products and services offered by the Cooperative) is essential to the maintaining of value of this Cooperative to all Members. The Cooperative is a conduit, any complaint for a product or service for refund is ONLY with the suppliers. We do want you to inform us if you are not treated properly by a supplier.**

**We may act as a third-party payments provider** for one or more of the product and service providers, marketing organization, or vendors. You agree that any money you ask us to deposit on your behalf will not be charged back as per the CoOp Bylaws. Members do not chargeback Members. We will work with you if a REFUND is required. If you ask us to process a deposit or a payment, we may charge you a reasonable processing fee as agreed by the Board of Directors or the Manager.

**Operate at a Loss.** The Cooperative may experience a net financial loss from operations. This loss may be retained by the Cooperative and applied towards future earnings or allocated to Members. Additionally, accumulated losses may require the Cooperative to request additional capital investments from Members. **You can choose to decline to contribute such capital and terminate your future Membership** in one or all Membership Classes.

**Insufficient Discounts.** The discounts, rebates, profit sharing, and pricing the Cooperative can negotiate with suppliers, vendors, and affiliates are a function of Member Patronage, the failure of Members to patronize these products and services may not be sufficient to maintain its competitive advantage, and this could make the Cooperative of limited benefit to its Members. **Please shop our Nation Apps first, instead of going direct to their website. They agree to not charge you more by using the Nation Apps, and you can make money by shopping #TheNation first!**

**Dependence on Management.** The success of the Cooperative is dependent in a large part on its ability to attract and retain sound management. The Cooperative has entered a perineal **Management Agreement with CollaborateUSA, LLC**, and the Board of Directors does not consider this a conflict of interest. The initial period of this Management Agreement is until December 31, 2030 with automatic 5 year renewable extensions. This agreement is to be reviewed periodically by the Board of Directors and their decisions are final. The Cooperative has agreed that employees, officers, directors, agents, consultants, vendors, suppliers, and shareholders of CollaborateUSA, LLC may be Members of this Cooperative and shall not be deemed a conflict of interest.

**Competition.** The Cooperative may face competition from organizations that exist today or could develop in the future. Failure to compete successfully against current or potential competitors would have a material adverse effect on the Cooperative.

**Business Cycles.** The Cooperative may face declining income in a down market that could reduce its benefit to Members.

**Unanticipated Risks.** The Cooperative is also likely to be subject to risks that have not been anticipated and these risks may affect the value of your Membership with the Cooperative Association.

### **III. NATION APPS – AFFILIATE MARKETING PROGRAM – MY REFERRAL PROGRAM – ANY OTHER FORM OF MEMBER COMPENSATION BY A THIRD-PARTY.**

The Cooperative becomes stronger when it increases its Membership and earns a profit from the sale of products and services. **The Board has authorized the contracting of Affiliates as either: (1) Integrated Apps, (2) Affiliate Apps, (3) Apps of Benefit To Members or (4) Membership Referral Affiliates.**

**MY REFERRAL PROGRAM.** All Members may become **Membership Referral Affiliates**, at no charge, and REFER new Members to the Cooperative. The Cooperative may offer a Referral Fee, in lieu of the cost of advertising to obtain that Member. This will only be paid if a Member makes a purchase of a product, service or mobile App. See the **My Referral Program – How It Works** on the Platforms, websites, or Apps. If you wish to participate in the Membership Drive and earn income from advertising our Cooperative and its related Platforms, websites, and Apps. **You may receive compensation on personal referrals without paying any fee to us. Referral Programs may vary by strategy.**

#### **IV. MEMBERSHIP QUALIFICATIONS – Via Electronic Form Online.**

Membership in the Cooperative will be limited to those qualifying under their class of Membership:

**Basic Members:** Basic Members may pay an annual Membership Dues and receive certain benefits. **Basic Members DO NOT participate as Share Members in Patronage Refunds. They are not Share Members (owners) of the Cooperative.** (See Bylaws).

**Share Members:** Share Members purchase a Membership Share for a one-time cost of \$240. The Share Fee is shared by agreement between the Cooperative and the Manager. **This is not an “Investment Share Interest.” None of the Membership Share Fee is paid as compensation or Patronage Refund to Members. Share Members can only buy one share and may cast only one vote for the election of the Board of Directors and other matters** (See Bylaws).

**This is different from voting on the CollaborateNation.com Platform, all Members of the CoOp may vote on Voices the CollaborateNation.com Platform or use the ShOut Nation App to express themselves.**

**Additional Share Classes – not requiring a Share Fee.** The Cooperative may, without necessarily a vote of the Share Members and at the discretion of the Manager, create one or more additional share classes; however, if such share classes have voting rights; they shall not be superior to the Share Member Class. These additional share classes, if any, will not require a Share Fee to earn Patronage Refunds from that Platform, website, or App.

Section 2.2 of the **Bylaws provides that Members must:**

- subscribe and pay for one Membership Share of Stock at its par value, plus an additional capital amount in excess of its par value as the Board may determine at the time of issuance (**Share Member Class only**), and;
- pay Membership Dues per Share Class, if required, and;

- apply for (which may be online via the Platforms, websites or Apps) and be approved for Membership in the Cooperative, which shall not be unreasonably withheld, by the Board or its designee (the Manager), and;
- consent to the tax treatment of patronage refunds provided in Section 9.4 hereof, and;
- execute Membership Agreements with the Cooperative if then required by the Board in the form determined by the Board (which may be online), and
- be committed to the mission of the Cooperative, and
- if Member is not a natural person, to designate a Member representative for voting and any other official activities of the Cooperative.

**The Board may set other Membership Share requirements as are determined necessary or desirable to accomplish the purposes of the Cooperative.**

## **V. MEMBERSHIP INTERESTS**

Share Member Interest in the Cooperative is represented by one share of common stock which shall not be issued by certificate but held by the Cooperative in electronic list form. **It is referred to as Membership Common Stock because it may only be owned by Share Members and is not considered Investment Shares which may also be approved by the Cooperative Board, subject to any registration requirements. Each Share Member must own one and only one share.** Since each share of Membership Common Stock is entitled to one vote, each Share Member will have one vote in all matters that come before the Members of the Cooperative. Member voting is governed by Section 3 of the Bylaws.

Membership Common Stock is NOT entitled to receive dividends, but holders of this stock are entitled to receive Patronage Refunds, if qualified, on the business they do with the organization in accordance with the Articles and Bylaws (called Patronage). Holders of Membership Common Stock (electronic or paper) are entitled to participate in the dissolution and liquidation of the Cooperative as provided in the Bylaws, described below in Section XII. **However, because all of the profits of the Cooperative are allocated on the basis of Patronage as directed by the Board, no Member should expect any appreciation in the value of their common stock. Indeed, it is likely to be the case that depreciation in the value of their common stock occurs. These ARE NOT Investment Shares, which might require registration, but qualify under a special exemption with the Securities and Exchange Commission (SEC) for cooperatives.**

Since ownership of Membership Common Stock is reflective of Share Membership in the organization, this stock is not transferable. Section 7.3 of the Bylaws sets forth the restrictions on transferability. If Membership Common Stock is transferred in violation of this restriction, it shall be treated as a withdrawal from Membership, and such stock shall be distributed in accordance with the termination provisions in Section 10.3 of the Bylaws. Membership



Common Stock transferred to an ineligible holder shall not entitle such person to do business with the Cooperative or otherwise participate in the organization as a Member. **There is no market, nor will there ever be, for Share Membership Common Stock.**

## **VI. MEMBERSHIP CAPITAL REQUIREMENTS AND INITIATION FEES**

Membership Capital Requirements are one-time payment as follows:

**Share Member Class:** Each Share Member will purchase one share of Membership Interest Common Stock for \$240 (See Section IV). **There is no requirement of Basic Members to become Share Members, but all Share Members must purchase one share.**

**Other sharing Member Classes:** As determined by the Board of Directors or the Manager.

## **VII. MATERIAL RELATIONSHIPS**

**Management Agreement.** The Cooperative has entered a Management Agreement with CollaborateUSA, LLC (CUSA) to provide advice and management services for the Members of the Cooperative. This Agreement term is until December 31, 2030 and is automatically renewable in 5 year periods based on a simple majority vote of the Board of Directors. This contract was granted based on the initial capital and time expended by CUSA in setting up the Cooperative for our Members. The Board of Directors allows the principals and shareholders of CUSA and its employees and affiliates to be Members of the Cooperative, but they cannot hold more than one Board position. CUSA attends Board meetings as President, Advisor, and Manager of the Cooperative, but does not vote. The Management Agreement specifies compensation to CUSA which includes a portion of the one-time Share Fee charged to Share Members, a portion of Dues (if any), a percentage of new products and services sold to Members (including Basic Members), and certain other compensation and expenses as may be approved by the Board of Directors from time-to-time.

**CUSA wishes to disclose that a portion of the monies it receives under its Management Agreement in the Cooperative will be used in the support of Christian and/or political initiatives for which it reserves the right to designate the use of these proceeds without approval or oversight by Members or the Board of the Cooperative.** The Board has granted this right under the Management Agreement as part of the consideration of the Management Agreement.

**Certain Benefits, Products, Services, and Intellectual Property have been resourced through CUSA, its contractors, its agreements, or one of its Affiliates. The Cooperative may pay costs of goods above the Management Agreement to CUSA or directly to the Affiliates of CUSA. CUSA may act a manager, vendor, supplier, affiliate, or otherwise in supporting the Cooperative and the Board has deemed this not to be a conflict of interest.**

It is agreed, subject to an accounting, and review by the Manager with Board Approval that from the 5% of the Share Fee retained by the CoOp, CUSA may petition that direct costs for the development be reimbursed to CUSA from these retained earnings in one or more payments as agreed.

Should CUSA or one of its principals be required to sign signature guarantees for financial services, such as credit card processing, the Cooperative shall indemnify in full CUSA, or its principals, for any financial risk associated with these signature guarantees. **Member charge backs against credit cards may affect that Share Member's Patronage Refunds and that Share Member's good standing and as such their right to vote or retain membership. Members are therefore requested to not chargeback credit card transactions but to request refunds through the Cooperative.**

**Collaborate CoOp is registered with the Secretary of State of Minnesota as a 308B Cooperative Association.** It has a registered agent in Minnesota. The President of the CoOp may be an affiliate of CUSA and can serve as President under the Management Agreement.

## VIII. BOARD OF DIRECTORS

Beginning with the third Annual Meeting of the Members, Share Members shall elect Directors to the Board of Directors. The initial Board of Directors, appointed by Arthur Hall as Founder and shareholder of CUSA from Share Members, shall serve up to 48 Months before the Board of Directors will hold elections for the replacement of Board Members. **Board Members must come from Share Members.** This shall provide stability in the decision process in the formative months of the Cooperative.

The initial number of Directors serving the Cooperative for the first twenty-four months of operation shall initially be at least three (3). Thereafter, the Board will expand to be no more than twelve (12) after the number of Share Members increases to at least ten thousand (10,000) Share Members. After two years of operation, one new director may be added for each 1000 Share Members, until the number of Board Directors reaches twelve (12). These Directors will be elected by the Members at the annual meeting. All Directors must be an elected or appointed representative of a Member that is not a natural person. **All Directors will be elected from a Share Member Class ONLY.** In the event of an even number of Directors, the elected Chairman shall be able to cast a tie breaking vote. The Chairman is elected by the Board after 36 months – until then Arthur Hall shall be the Chairman of the Board.

After the initial two years of operation, at the Cooperative's annual meeting, at least 1/3 of current Director Positions will be up for vote. Prior to the Annual Meeting, the Board Chairman will identify any Directors not willing to stand for re-election or ineligible for re-election for any reason. If this number is less than 1/3 of the current Board positions, then the remaining Directors will draw lots to determine which Directors will run for re-election at the Annual Meeting.

No Director shall serve more than 4 consecutive years on the Board of Directors. After 4 years, a Director is ineligible for re-election until said Director has been off the Board for at least one full year.

**Advisers:** The Board may appoint or consult advisers at its sole discretion. Advisers are not members of the Board and shall not have a vote in Board deliberations, but may attend Board meetings at the direction of the Chairman or Manager.

Biographies of the Directors are available upon request in writing to the Board.

## **IX. MANAGEMENT OF THE COOPERATIVE**

The President/Manager will provide for the day-to-day management of the Cooperative. The President/Manager is appointed by the terms of the Management Agreement. In addition to the day-to-day management provided by the President/Manager, the Board may elect several officers to oversee the interest of the Cooperative. These officers may include a Secretary and a Treasurer, and any other officers and agents that the Board may designate from time to time by resolution. The Secretary and Treasurer need not be members of the Board. If the Board so decides to designate such officers, any compensation due them will be an obligation of the Cooperative and not a liability of the Management Agreement.

## **X. PATRONAGE REFUNDS**

Net Patronage earnings of the Cooperative will be returned to the Members each year or sooner in the form of Patronage Refunds in accordance with the Articles and Bylaws. These Patronage Refunds shall be paid in Crypto-Currency or USD. A Patronage Refund is an amount paid to the Share Member based on the value of business done during the year by the Cooperative. For example, if a Member did up to 10% of the Patronage business with affiliates participating in Nation Apps for the fiscal year, the Board may determine that up to 10% of the Patronage Refund for the period be paid to that Member (this is called pro-rata payment of Patronage Refunds). This method of distributing Patronage Refunds can be distinguished from a regular business corporation, in which earnings or profits are paid to investors on the basis of their capital investment, not Patronage qualification. In the Cooperative, Patronage Refunds will be returned based on the amount of business done with the Cooperative Association as determined by the Manager, not on the basis of invested capital. The Manager may assign credits by criteria at its sole discretion for the allocation of Patronage Refunds. One such form of credits is called Patronage Points. It is therefore important as a Share Member you put forth your best efforts to promote the success of the Cooperative if you expect to receive Patronage Refunds.

Patronage Points are assigned as a function of a Member's engagement with the Platforms, Nation Apps, advertisers, and other income producing sources and can change without notice at the discretion of the Manager to provide integrity and profitability to the Cooperative (CoOp).

**Payment of Patronage Refunds.** Under the Articles and Bylaws, Patronage Refunds must be paid within 8-1/2 months of the close of the fiscal year, and may be paid in cash, cryptocurrency, property, or written notices of allocation. These written notices of allocation enable

the Cooperative to retain certain funds to meet capital needs. Written notices of allocation are redeemed at the discretion of the Board. **Currently the Board desires to pay Patronage Refunds as earned and monthly if possible.**

**PLEASE READ AND COMPLY.** (1) Patronage Refunds are paid currently via a third-party, unless otherwise agreed or changed by the Manager. Failure for you to provide us a proper Account, may result in your forfeiture of a Patronage Refund for that period. If we request by electronic means for you to resolve this for us, whether you receive it or not, after 60 days this Patronage Refund is forfeited and is returned to the Cooperative as Retained Earnings for non-compliance. (2) If you are a USA Citizen, you must complete the W-9 online else we cannot pay you Patronage Refunds in excess of \$600. If we request by electronic means for you to resolve this for us, whether you receive it or not, after 60 days this Patronage Refund is forfeited and is returned to the Cooperative as Retained Earnings for non-compliance.

**Federal Income Taxes.** From a Federal income tax standpoint, the Cooperative is able to deduct amounts distributed as a Patronage Refund as long as the Patronage Refund is paid in cash, crypto-currency, property, or qualified written notices of allocation and otherwise meets the requirements of the appropriate Section of the Internal Revenue Code. A written notice of allocation is a written notice which discloses to the recipient the stated dollar amount allocated to the Share Member by the organization and the portion thereof, if any, which constitutes a Patronage Refund. A "qualified" written notice of allocation is generally a written notice of allocation which the recipient has agreed to take into income at its stated amount in the year in which it is received in accordance with Section 1385(a) of the Internal Revenue Code and which is issued as part of a Patronage Refund at least 20% of which is paid in money, crypto-currency, or by qualified check. Under the Bylaws, the Board will determine the amount of the Patronage Refund, if any, which is paid in qualified written notices of allocation.

**For hypothetical example,** if a Cooperative has \$150,000 in gross Patronage revenues and \$50,000 in expenses of its Patronage operation for the year, its net Patronage earnings would be \$100,000. If it distributes this \$100,000 in a Patronage Refund within 8-1/2 months of the end of the fiscal year -- 20% in cash and 80% in qualified written notices of allocation, it will be able to take a Patronage Refund tax deduction for the \$100,000. Thus, the Cooperative will have income for the year of \$150,000 and deductions of \$150,000 (\$50,000 in expenses and \$100,000 in Patronage Refund), and it will pay no tax. The Share Members, on the other hand, may have pro-rata taxable income of \$100,000 on the Patronage Refund they received, and they would take it into income in the year in which it was received. Non-profit Members may have other tax benefits not discussed here and should seek accounting advice separate from this document.

**Private Inurement and Unrelated Business Income Tax (UBIT).** No part of the Distributions from the Cooperative to the Share Member shall inure to the benefit of or be distributed to its Members, trustees, officers or other private persons, except that the ministry or charity shall be authorized and empowered to pay reasonable compensation for the services rendered and to make payments and distributions in furtherance of its purposes set forth in the purpose clause hereof. No substantial part of the activities of the receiving organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political

campaign on behalf of any candidate for public office. Notwithstanding any other provision of this document, the ministry or charity shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code or similar related Section, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under Section 170(c) (2) of the Internal revenue Code, or corresponding section of any future federal tax code. Violation of this section may result in the Board terminating Membership. We do not provide tax advice to Members.

**Non-Patronage Business.** Earnings derived from nonmember business may not be included in the Patronage Refund paid to Members. Earnings of this type are not entitled to the “single tax” benefit of Subchapter T or K, and may be taxed to the Cooperative at a different income tax rates. These taxes could affect net income for Patronage Refunds.

## **XI. CREDIT GUARANTEES**

The Cooperative Members may be purchasing products and services from affiliates directly and the Cooperative does not anticipate that it will provide vendors any credit or payment guarantee for these purchases by its Members. When you purchase with an affiliate, the transaction is between you and the affiliate. If successful, they may pay us a refund, if they do, that will be a part of the Patronage Refund. Not all affiliates pay refunds, commissions, or rebates.

## **XII. SUSPENSION AND EXPULSION OF MEMBERS**

### **1. Suspension.**

The provisions for suspension of Members are contained in Section 10.1 of the Bylaws. As set forth in Section 10.1, suspension may occur for nonpayment of amounts due the Cooperative or an affiliate vendor participating in the Cooperative’s purchasing program, failure to have as its delegate an officer of the organization (unless excused), failure to submit reports, information requests, and surveys, and failure to abide by the Bylaws, and other undertakings with the organization. **Any act, error, commission or omission that the Board solely determines is immoral, unethical, and illegal, in violation of the code of ethics or not in the best interest of the Members or the Cooperative Association may result in Suspension or Expulsion.**

Upon such suspension, all Membership privileges will cease and all business transacted with the Cooperative while Membership is suspended shall not be counted in determining Patronage Refund payments for the year. Upon removal of the cause for suspension, the suspension of Membership shall be automatically lifted, and the previously suspended Member shall be entitled to all Membership privileges.

### **2. Expulsion.**

(a) As set forth in Section 10.2 of the Bylaws, the Board may terminate the Membership of a Member for good cause, after notice to the Member and a hearing. Good cause for

termination will include, but not be limited to, the following: (i) failure to take appropriate action in a timely manner to remove the cause for suspension, (ii) failure of the Member to Patronize the Cooperative for a period of twelve months or otherwise not actively support the business of the Cooperative, or (iii) activities of the Member against the best interests of the Cooperative. Before voting upon the termination of the Membership of a Member, the Board will provide the Member with a full statement in writing of the charges against the Member alleged to constitute good cause for termination. Such notice will specify the place, date, and hour of a hearing before the Board of the charges, which hearing will not be less than ten days after service of such notice on the Member. At the hearing, the Member may be represented by counsel and will have the privilege of presenting and cross-examining witnesses on his, her or its behalf.

**(b) Any act, error, commission or omission that the Board solely determines is immoral, unethical, and illegal, in violation of the code of ethics or not in the best interest of the Members or the Cooperative Association may result in Suspension or Expulsion.**

(c) Upon termination, all Membership privileges shall cease and all business transacted with the Cooperative will not be counted in determining Patronage Refund payments for the year. **There is no refund of Share Fees.**

### **3. Rights Upon Termination of Membership.**

In accordance with Section 10.3 of the Bylaws, in the case of withdrawal, retirement, death, or expulsion, or other termination of the Membership of a Member:

(a) For an amount in cash equal to [the par value thereof], plus the additional capital amount paid for such Stock, if any, in excess of its par value at the time of issuance, but the payment will be made solely at the discretion of the Board of Directors. Further, the Cooperative may retain the amount of any admission fees or other assessments charged at the time of the Member's admission which is nonrefundable.

(b) Repurchase of Written Notices of Allocation. Any written notices of allocation held by such terminating Member will be repurchased at their stated value, in cash, and the payment will be made at the discretion of the Board of Directors.

(c) Offset. The Board may, in its sole discretion, offset the amount payable for a Member's stock or written notices of allocation against any indebtedness of such Member to the Cooperative. The Member will have no right to offset the amount of such stock or written notices of allocation against any indebtedness it may have to the Cooperative. At times other than the termination of Membership, the Board may, in its sole discretion, apply to any indebtedness of a Member owing to the Cooperative the amount of all or a part of such Member's written notices of allocation, as shown on the records of the Cooperative, but this provision will confer no obligation upon the Board so to do, nor any right upon the Member to compel or insist upon such offset.

(d) Property Rights. Each Member is received into Membership upon the express agreement on the part of such Member and upon the condition that, in the event of termination, whether by expulsion or otherwise, the Member will not be entitled to be paid anything for the value of his, her or its property interest or other Membership rights, plus the additional capital amount paid for such stock, if any, as well as the stated value of any written notices of allocation issued to such Member.

(e) Duty of Member Following Termination. Immediately after the resignation of a Member from the Cooperative or the termination of a Member's Membership in the Cooperative, the Member will, at Member's sole cost and expense:

(i) cease using the Marks of the Cooperative, and

(ii) promptly deliver at the Member's sole cost to the Cooperative or its agents all Cooperative Information and all samples, sales aids, signage, literature, displays, catalogues, bulletins, price information, discount information, purchase orders, micro-film and other similar information or materials supplied to Member by the Cooperative.

For purposes of the Bylaws, "Marks" will mean all trade names, trademarks, service marks, logos, insignia, collective service marks, and collective trademarks now owned or used by the Cooperative, and all modifications and enhancements thereto. **The Cooperative shall own no rights in Collaborative Commonwealth™, FreelancerNation.com, CollaborateNation.com, ShOut Nation App, 7RingsOfWisdom.com and Nation Apps or NationApps.com, these are the property of CollaborateUSA, LLC.**

For purposes of the Bylaws, "Cooperative Information" means the concepts, ideas, know-how and structure of Cooperative, including, but not limited to, marketing methods and concepts, advertising materials (regardless of the communication medium used to create such advertising materials), Cooperative financial information (including, without limitation, any and all financial statements, projections, reports and etc. with respect to any operation of the Cooperative, including revenues, expenses, Patronage Refunds, manufacturers rebates, minimum purchase requirements or any other matter), internal bulletins, correspondence, internal price information, product cross reference information, computer software and hardware developed by or in conjunction with the Cooperative, price discount information, purchasing methods and programs, supply sources, packaging methods and operations, confidential information, books, records, plans, designs, flow charts, drawings, copyrights, techniques, Marks, and any other materials relating to the idea, design, concept, management and operation of the Cooperative, and any and all modifications, improvements, additions and changes thereto.

After termination of a Member's Membership in the Cooperative, the Cooperative or its agents may at any time enter upon Member's premises or elsewhere to take possession and remove the items described in Bylaw Section 10.3f (i) and (iii) and all other material

furnished by the Cooperative to the Member, together with any other item bearing any of the Marks, and the Cooperative will not be guilty of trespass or any other tort in connection therewith. Otherwise the Cooperative has no rights to enter Member's property.

### **XIII. DISTRIBUTION OF THE COOPERATIVE'S ASSETS UPON DISSOLUTION AND LIQUIDATION**

In the event of dissolution, after paying or providing for the debts of the Cooperative, the holders of written notices of allocation shall be entitled to receive cash in the amount of the face amount of such allocations. Thereafter, holders of Membership Common Stock shall receive the par value thereof, plus the additional capital paid for such stock at the time of issuance. Thereafter, the remaining balance of the assets shall be distributed to the holders of Membership Common Stock upon the basis of the previous 10 years, or the total number of years if the Cooperative has operated less than 10 years, of Patronage business conducted by the Member.

### **XIV. DOCUMENTS**

The Articles, Bylaws, Management Agreement and other corporate documents are available to be viewed at the corporate offices with reasonable notice during normal business hours.

Each prospective Member must rely on its own evaluation of the Cooperative, including the merits and risks involved, in making a decision to join this organization as a Cooperative Share Member. EACH PROSPECTIVE MEMBER SHOULD CONSULT HIS OR HER OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, AND OTHER MATTERS CONCERNING THE COOPERATIVE. THE COOPERATIVE DOES NOT RENDER LEGAL OR ACCOUNTING ADVICE.

**This document may be updated and changed from time to time, you will always have access through our Platforms, websites, and Apps to the latest version; therefore, you waive any right to have this document sent to you. Also you agree that the latest version of this document will be the version the Cooperative Association and you shall rely upon. Any questions should be directed to the Manager or the Board of Directors.**